



**DCUC**  
DEFENSE CREDIT UNION COUNCIL

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**Jason Stverak**  
Chief Advocacy Officer

November 20, 2024

The Honorable Chuck Schumer  
Senate Democrat Leader  
322 Hart Senate Office Building  
Washington, DC 20510

The Honorable John Thune  
Senate Republican Leader  
511 Dirksen Senate Office Building  
Washington, DC 20510

The Honorable Mike Johnson  
Speaker of the House  
568 Cannon House Office Building  
Washington, DC 20515

The Honorable Hakeem Jeffries  
House Minority Leader  
2433 Rayburn House Office Building  
Washington, DC 20515

Dear Senator Schumer, Senator Thune, Speaker Johnson and Minority Leader Jeffries,

As we addressed in our letter to Congress dated October 31, 2024, I am writing to express our strong support for making the Central Liquidity Facility (CLF) extension as a standalone provision in any upcoming must-pass legislation. We understand CLF could be under consideration, and we strongly support its inclusion.

The CLF, a liquidity backstop managed by the National Credit Union Administration (NCUA), offers an essential safety net for credit unions, allowing them to continue serving their members during periods of financial stress. The temporary expansion of the CLF provided credit unions with additional capacity to respond quickly and effectively to the challenges brought on by the COVID-19 pandemic. Making this expanded access permanent will support all credit unions, particularly smaller institutions that may lack other liquidity options.

### **Key Benefits of the CLF Expansion**

**Enhanced Access to Liquidity During Economic Uncertainty:** The expanded CLF allows credit unions to draw on liquidity when their members face increased financial pressures. This is especially valuable during economic downturns, enabling credit unions to remain responsive to their members' needs for loans, emergency assistance, and other essential financial services.

**Increased Stability for the Financial System:** By providing a reliable source of liquidity, the CLF helps mitigate systemic risks, particularly among credit unions that serve vulnerable populations. During turbulent economic periods, this backstop ensures credit unions can continue to operate effectively, thus preserving stability across the financial sector.

**Strengthening Financial Resilience for Military Families:** Many defense credit unions serve military families who often face unique financial challenges. An expanded CLF allows these credit unions to meet the specific needs of military members and their families by offering stability in times of economic distress. This is essential for maintaining the financial wellbeing of those who serve our nation.

**Support for Small and Community Credit Unions:** Smaller credit unions, which may not have access to capital markets or other liquidity resources, rely on the CLF to maintain their operations and serve their members. The permanent expansion enabled these credit unions to weather financial difficulties without compromising service, especially in rural and underserved communities.

**Proactive Financial Preparedness:** With the uncertain economic landscape, the expanded CLF is a preventive measure that allows credit unions to prepare for potential liquidity needs. Extending the CLF expansion would be a proactive step to equip credit unions with the resources needed to safeguard members' deposits and meet their financial needs.

**Support for Member Communities:** Credit unions, especially those serving underserved and low-income populations, depend on the CLF to meet the needs of their members during crises. A permanent CLF ensures that credit unions can continue to lend to their members and maintain affordable financial services, even when facing liquidity constraints.

**Preventing a Future Crisis:** The COVID-19 pandemic demonstrated the importance of access to reliable liquidity for financial institutions. Reforming the CLF and making it permanent would help prevent a liquidity crisis within the credit union system, protecting members' deposits and preventing broader financial instability.

**Fostering Growth and Competition:** A permanent CLF would encourage credit union growth by providing the financial stability necessary for credit unions to expand their services and compete with larger financial institutions. This benefits consumers by fostering competition and improving access to affordable credit.

**Strengthening Regulatory Flexibility:** The CLF reform would grant the National Credit Union Administration (NCUA) greater flexibility in managing liquidity needs within the credit union system, enhancing the overall safety and soundness of the financial system while avoiding regulatory disruptions.

In short, permanent CLF reform would ensure that credit unions can continue to serve their members effectively, safeguard financial stability, and remain a competitive force in the financial services industry.

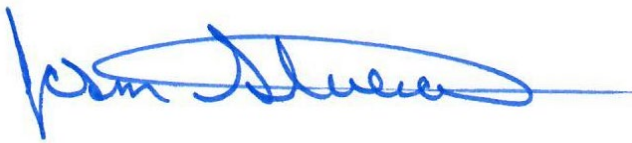
Congress should pass and make permanent Central Liquidity Facility (CLF) reform to ensure credit unions have a stable and reliable liquidity backstop, which is critical for the long-term resilience of the credit union system. This extension will ensure that credit unions have access to critical resources as they continue to navigate economic challenges and provide affordable financial services to their members. Including this measure will reinforce the credit union system's capacity to serve communities, support local economies, and contribute to overall financial stability.

The lame-duck session presents Congress with an opportunity to protect the credit union industry and ensure that these not-for-profit financial institutions can continue to serve their members effectively, particularly those in the military community. Each of these priorities is essential to maintaining the health of the credit union system and supporting the financial readiness of our nation's military personnel and veterans.

We are adamantly opposed to any attempt to link the inclusion of CLF extension with another legislative priority. This extension is too important to be bogged down by extraneous ideas that will divide the credit union industry.

Should you or your team have any questions or desire additional information, please do not hesitate to contact me at 202.557.8528 or by email at [jstverak@dcuc.org](mailto:jstverak@dcuc.org).

Sincerely,

A handwritten signature in blue ink, appearing to read "Jason Stverak", with a long horizontal line extending to the right.

Jason Stverak  
Chief Advocacy Officer  
DCUC

CC: HFSC Members  
Senate Banking, Housing and Urban Affairs Members  
NCUA Board Members

